

GIVE & TAKE[®]

News and Ideas for Development Executives of Nonprofit Organizations

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Building on the Basics by Barlow T. Mann

Motivation is a critical element in the charitable giving process. You can identify those who are likely to give for one or more reasons, but what finally motivates an individual to make a particular gift?

During the post-Hurricane Katrina period some charities experienced a boost in giving while others faltered. A similar pattern was observed during the fall of 2001 after the economic disruptions that occurred in the wake of the events of September 11. At that time, we observed a number of key factors that seemed to most influence charitable giving during periods of crisis and uncertainty.

This year has seen turmoil in the financial markets characterized by some observers as “once in a lifetime.” Many nonprofit development executives are understandably concerned about how this will affect their fund-raising efforts in the last few weeks of 2008, in 2009, and possibly beyond.

Experience reveals that now, as always, to enjoy maximum effectiveness in their fund development efforts, nonprofit organizations and institutions should strive to be “near,” “dear,” and “clear” to their donors.

Stay near to donors

Many charitable organizations, especially those that are national or international in scope, may have trouble achieving the goal of being near many of their donors. Some organizations have countered this



Join The Sharpe Group in San Francisco in February for the popular seminar “An Introduction to Planned Giving.” See page 3 for more information.

problem by establishing local chapters or affiliates around the country or opening regional offices. But this is not an option for many groups, and may not be necessary for others.

If your organization is not physically close to many of its donors, it is important to take steps to make it *seem* that the organization is closer to them. This can be done in several ways—ongoing communications efforts such as newsletter updates, phone calls, and personal visits when possible are all good ways to bring your organization “closer” to your donors. Many colleges and universities sponsor alumni dinners and other events in various cities, for example. Other types of organizations reach

out to their constituents through television commercials and other mass media. Web sites can make an organization seem nearer and more accessible as well.

An effective strategy for keeping your donors continually informed about your work can help ensure you will not be “out of sight, out of mind,” and donors will feel closer to you no matter what your address happens to be.

Are you dear to them?

Something that is dear to you probably didn’t become dear to you overnight. It took time and serious interest for an emotional attachment to develop. It is rare, for example,

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for a donor who has not been involved with an organization for a significant period of time to include it as one of the charitable interests named in his or her will.

During times of economic distress, some donors will decide to more tightly focus their giving and concentrate their efforts where they feel the greatest attachment. Since time is required, “dearness” may be the most difficult of the three goals for charitable organizations to achieve.

How to become “dear”

In our experience, almost any type of nonprofit entity can form strong ties to donors. For example, many alumni donors to educational institutions have traditionally felt their college years were among the best of their lives, and their gifts arise from that sense of nostalgia.

Faith-based organizations and institutions are often dear to their supporters because of deeply felt spiritual motivations. These can be based on personal experience or a desire to further the mission of the organization as it reaches out to help others. Charitable activity in our society, as elsewhere in the world, is rooted to a large extent in religious teachings and it is important to understand and respect the tie this can build to any number of types of causes.

Cultural institutions can also become “dear” to their donors. A development officer once told the

story of a woman who visited her zoo every day when the weather permitted with an attendant who helped her traverse the grounds in her wheelchair. When asked why she came each day she stated that she had lost her son in an accident some years before and her best memories were the time she spent with him as a child at the zoo. A short time

“Every charitable organization exists today because someone supported it and believed in its mission.”

thereafter she passed away and left a significant sum to the zoo to fund an endowment in memory of her son. This is just one of the many examples of how an organization can become “dear” to those it serves.

Donors to health-care providers were often patients themselves or had a family member who benefited from treatment or from research conducted. They want to do all they can to help a cause they believe saved their life or that of a loved one. In

these cases, “dearness” also comes from deep emotional attachment to an organization and its mission. Rising costs of healthcare may compete against other motivations, so it is imperative that charities continue to make their case, even with those who appear to be most dedicated.

Those involved in charitable gift planning quickly learn that, in most cases, a prerequisite for the completion of bequests and similar gifts is a powerful emotional or other attachment that sustains the donative intent necessary to elevate a charity to the status of a close friend or family member. With estate tax savings now a non-factor for more donors, this is especially true.

Make your mission clear

Would you feel comfortable giving to an organization if you weren’t quite sure what it did, whom it served, or the nature of its mission? Probably not. It is imperative that the mission of your organization is crystal clear to your donors and potential donors.

Just because your organization’s mission is relatively specialized or even unique doesn’t mean that there aren’t donors out there who are willing and able to support it. Every charitable organization exists today because someone supported it and believed in its mission. So, from the most

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GIVE & TAKE.

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Sharpe Gift Planning Institute

Featured Seminar: An Introduction to Planned Giving

This seminar provides an introduction to charitable gift planning in today's environment. It is designed for those assuming responsibility for planned giving, as well as executives with multiple duties who are looking for the best ways to spend their time and resources on planned giving.

Beginning with an overview of the role of gift planning in maximizing charitable giving, this seminar examines the personal priorities of donors at different stages in life and explains how more effective

gift planning can help them make significant current gifts as well as plan legacies through bequests, trusts, gift annuities, and other popular gift planning techniques.

Also included is instruction on communicating the benefits of planned gifts to broad groups as well as the use of the telephone, written correspondence, personal visits, and other ways to manage relationships with planned gift donors and prospective donors that are appropriate, tasteful, and effective.



On the Agenda for 'An Introduction to Planned Giving'

Day One

- Charitable Gift Planning in Perspective
- Overview of Property and Tax Considerations
- Gift Planning Tools: Part 1
- Gift Planning Tools: Part 2
- Practical Case Studies
- Gift Acceptance Policies and Infrastructure

Day Two

- Planned Gift Marketing
- Preparing for Donor Contact
- Creating Proposals and Other Written Communications
- Effective Use of the Telephone
- The Personal Visit
- Stewardship and Recognition - The Margin of Excellence

See www.sharpenet.com/seminars for a complete agenda and dates for this and other Sharpe seminars.

What Attendees Are Saying . . .

"This was a well-presented conference and will be very helpful to me back at the 'ranch'!"

—Stephanie Neff, Genesis Health Care Foundation, Zanesville, OH

"Thanks for having an ethics-based approach to donor contact/relations."

—Katherine Foreman, Blue Ridge PBS, Roanoke, VA

"Excellent seminar! Presenters were engaging and entertaining. Kept the group motivated throughout."

—Barbara Taylor, Lutheran Social Services, York, PA

UPCOMING SEMINAR TRAINING DATES

An Introduction to Planned Giving

Chicago
January 22-23, 2009

San Francisco
February 23-24, 2009

New York
March 23-24, 2009

Integrating Major and Planned Gifts

New York
January 26-27, 2009

Planning Major Gifts

Washington, D.C.
February 16-17, 2009

Multiple registration discounts are available. For more information or to register, please contact The Sharpe Group.
Phone: 1-800-238-3253, ext. 5313 • Fax: 901-761-4268 • Web site: www.sharpenet.com • E-mail: seminars@sharpenet.com

Walking an Economic Tightrope

The events of this fall in our country's financial markets have been unsettling for many Americans. For those responsible for nonprofit fund development, it has been particularly worrisome.

Even if the economy recovers its footing and resumes a healthy rate of growth over the coming months and years, the uncertainty experienced in the past weeks will not soon be forgotten.

Charitable giving during sluggish economic times is a classic example of the glass being half full. Over the last several decades, charitable giving has only dropped 1% on average in inflation-adjusted dollars during periods of economic downturn. Indications are that some charities actually see increases in giving during down times. (See the November 2008 issue of *Give & Take*.)

The good news is: history reveals it is possible to succeed in this environment. The bad news is: everyone won't.

Connect with core donors

What will be the distinction between those who succeed and those who don't? Three factors will be key to your success: the mission of your organization, the sum total of all your past fundraising efforts, and what you do now.

Now is the time to concentrate on the fundamentals, play a conservative game, and do what history shows us will work.

Recall the basic mix of motivations that underlies every gift to a greater or lesser extent: religion, social theory, political theory, emotions, and tax and financial considerations. Your best donors have never been and will never be motivated to support your organization



or institution solely to save money on their taxes. They are motivated by the nature of your mission, the degree to which they feel connected to your cause, and their desire to be a part of the future you are helping ensure.

When times are tough, the process of managing your development efforts will require you to make the same deliberate decisions your own household will make: cut all non-essential spending, purchase basic goods and services thoughtfully and wisely, and continue to save for the future.

Your major and planned giving efforts are especially critical at this point. Acquiring new donors may be more challenging for the foreseeable future. Long-time donors can be encouraged to create planned gifts to help make up what may

be lost in other fund development areas.

Make your mission relevant to these donors. Now more than ever, every story you tell and every request for funds you make must paint a compelling picture. Thankfully acknowledge every gift. Recognize donors for their longevity of giving. Thank donors based on the cumulative amount of their overall giving.

Beware of trendy marketing

Most organizations at this time can no more afford to expend precious resources marketing bequests to 45-year-olds than they can afford not to spend on targeted bequest mailings to 75-year-olds. Can a 45-year-old be motivated to include your organization in his/her estate plans? Absolutely. Can your organization ultimately receive a sizeable gift as a result of such marketing efforts? Absolutely—in approximately 40 years. Where were you in 1968? That's how long 40 years is.

At the same time many are advocating "drilling down" into your donor file to market bequests to younger and younger donors, they are also encouraging nonprofits to make the switch to Internet-based fundraising. Will 80-year-olds be as comfortable with Internet marketing as 40-year-olds? Once again, absolutely—in approximately 20 years.

For organizations and institutions of all shapes and sizes, the

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Tightrope . . . continued from page 4

profile of a typical bequest donor remains unchanged for the 21st century. This donor has been giving to your organization for three years or more, she completes the will that ultimately leaves a gift to charity at age 79 or older on average, and passes away three to five years later.

For those charged with supplying their organization with steady, reliable planned gift income over the coming years, the 70 and older donor group is where you need to concentrate your efforts. If you have few donors over the age of 70, then recognize the innate funding limitations of gifts that require donors to pass away and focus your marketing dollars and efforts in more productive ways.

Surveys of intentions of younger persons cannot be used to accurately predict bequests in the future. By definition it is impossible to survey donors who follow through and leave bequests.

The content of this article is based on experience derived from The Sharpe Group's 45-year history of providing consulting services to America's nonprofit community, including the detailed profiling of thousands of donors where bequests were actually received.

Other gift plans may get second look

Perhaps because of the economic conditions we are currently experiencing, many older donors may be particularly drawn to the certainty of a charitable gift annuity. Now may be an especially fruitful time to market these opportunities. According to the American Council on Gift Annuities surveys, the average age of a person at the time they enter into a gift annuity is 78, as is the median age. Few are under the age of 70, and many organizations

have found more of their gift annuitants are over 80 than under 70.

Additionally, keep in mind that not all planned gifts are deferred. Gifts providing income to your organization in the near-term will be especially welcome at this time.

Planned gifts are timeless tools—often more broadly used during times of economic adversity—that help motivated donors make gifts in ways that are best for them as well as for their charitable interests.

Gifts such as a charitable lead trust or a term-of-years charitable remainder trust may be prompted by various motivations. These are the types of gifts that should be presented to donors in the under 70 group—gift plans that don't require them to pass away to yield benefits.

Some near-term planned gifts may be an acceleration of what would otherwise have been a bequest. Other near-term planned gifts may represent a replacement for what may have been an out-right gift of cash during better economic times.

In other words, some donors may see urgent needs and decide to structure their gifts to help the nonprofit recipient sooner than originally planned. Other donors will find themselves in uncertain financial circumstances and need the flexibility in timing a planned gift can accomplish, rather than writing a check as they might have done in the past. The key is to match the right gift opportunities to the right donor at the right point in life.

Focus on moving ahead

The fundamentals of successful fund raising will not change. Today's challenge is to continue running your program as before, but consider yourself operating on a tightrope, 1,000 feet in the air with no net below. It doesn't help to stop to look down or turn to look back. Focus your eyes ahead on your goal and move forward carefully—one step at a time.

Planned gifts are not exclusively for the old, or for the young, or for the wealthy, nor are they gifts only for the not-so-rich. Planned gifts are timeless tools—often more broadly used during times of economic adversity—that help motivated donors make gifts in ways that are best for them as well as for their charitable interests.

If you are clear and compelling in communicating your mission to your donors, considerate of their time and attention, appreciative of their gifts, and prudent in the management of the resources they provide, you will succeed, even in the most turbulent of economic times.

Editor's note: For a complete memorandum and report on giving during the Great Depression, please visit www.sharpenet.com/uncertaintimes.

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obscure to the most well known charity, the goal is to state your case clearly in order to attract and retain donors who know what their gifts will be supporting.

Without a clear and understandable mission, an organization may find itself floundering due to confused donors, or worse, lack of donors. This is especially challenging for organizations that have in years past acquired older donors based on one mission focus and are now attempting to change that focus to acquire a younger base—without losing the clarity of mission that is required to maintain the existing donor base.

Final thoughts

In light of economic events of this year, the continuing war on

terrorism, the recent presidential election, and other changes, many Americans are reevaluating their charitable interests. In some cases donors may be newly drawn to the issues your organization addresses—or drawn back to a core interest from which they had strayed in recent years.

Now may be an especially opportune time to stop and return your focus to the basics of fund development—making certain you are as *near* to your support base as possible, you nurture and respect the relationships that keep your institution *dear* to donors, and make sure you are conveying messages that make your mission *clear* to those who may choose to act through you to employ a portion of what could be scarcer monetary resources for the benefit of others.

Editor's note: This article has been updated from the original, entitled "Are You Near, Dear, and Clear?," published in the November 2001 issue of Give & Take.



Barlow T. Mann is an attorney and chief operating officer of The Sharpe Group. He designs planned giving programs for a number of America's nonprofits, presents seminars, and authors many articles on gift planning.

New Year Calls for New Booklet

If you need an all-purpose communications tool that will help you start next year off on the right foot with your donors, consider The Sharpe Group's booklet **"7 Ways to Give in 2009."**

In today's economic environment, educating and motivating your donors about the most effective ways to give in the coming year is more important than ever. "7 Ways" presents the following ways of making charitable gifts:

1. Gifts of cash
2. Gifts of securities
3. Gifts of other assets
4. Gifts of retirement plans and life insurance
5. Gifts through estates
6. Gifts that feature retained income
7. Temporary gifts

Consider providing "7 Ways to Give in 2009" to your better donors and prospects as a helpful acknowledgment and follow-up piece. For example, send it along with receipts and acknowledgment letters to those who make year-end gifts as a way of thanking them for their gifts in 2008.

This booklet offers you a way to provide straightforward information on what may at first seem to be complex subjects, such as gifts of life insurance, retirement assets, or stock. Donors will appreciate learning about the variety of giving options available to them. The tax benefits of planned gifts may be especially appealing to donors in today's economy.

"7 Ways" may be personalized with your logo and contact information on the front and/or back cover.

Other personalization options are available as well. For more information, please call a Sharpe representative at 1-800-238-3253, or visit www.sharpenet.com/booklets to view "7 Ways" online.



Share Bequest Information With Older Donors

Troubling economic times may find older donors curtailing current gifts. While their charitable intent most likely remains strong, some donors 70 and over may feel they simply can't "afford" to give at the same levels as in the past.

Over the past 40 years, charitable bequests have been the fastest growing source of philanthropic support—outpacing individual giving and gifts from corporations and foundations. Even in the most challenging economic times, bequest giving has been a reliable source of philanthropic support. In an April 1939 *New York Times* article regarding gifts to higher education, it was reported that "although [outright] gifts showed a decrease in Depression years, the amount of

bequests showed a sharp increase." For more information, see www.sharpenet.com/uncertain-times.

How can you reach out to those who still want to give, but just need more options to do so? Let The Sharpe Group's newest series of brochures educate your older donors about ways they can continue to support causes they care about through charitable bequests.

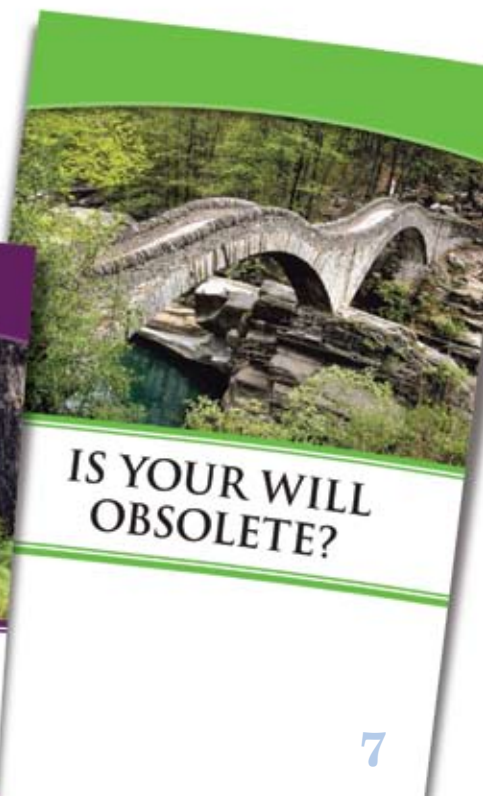
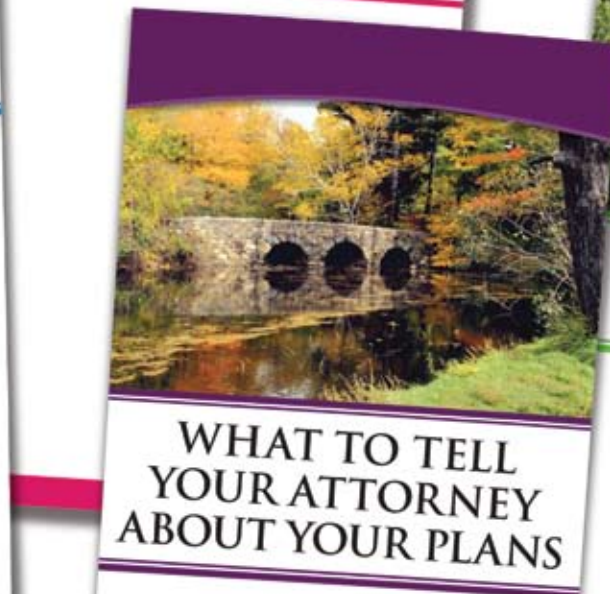
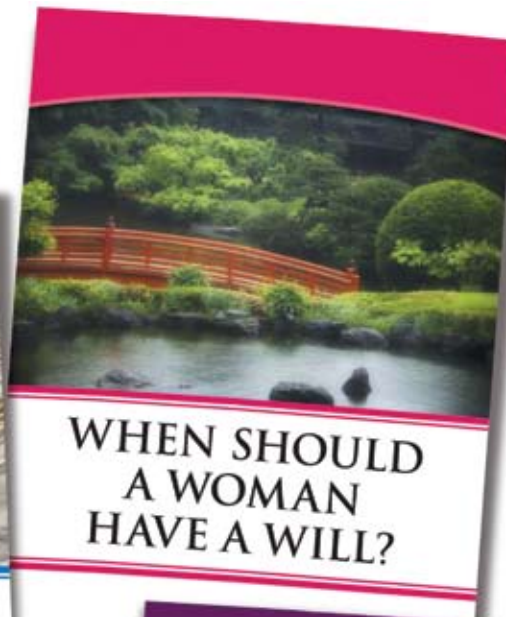
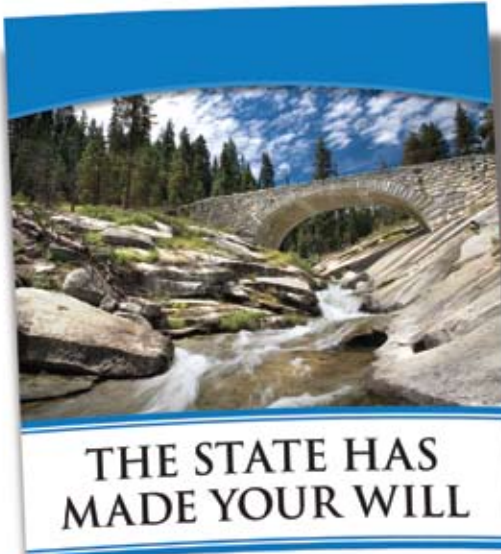
These new bequest awareness brochures are written and designed to assist you in informing

your donors about the importance of making long-range plans, keeping them up to date, and including charitable interests in such plans.

The brochures, printed in the Sharpe EZ Reader™ format for older readers, discuss a variety of topics, including:

- Steps to take before visiting your attorney about a will.
- How to determine if your plans are obsolete.
- Reasons why women need to take special care in their estate planning.
- What could happen if you do not create your own will.

To view the Bridges Series of bequest awareness brochures and read them in their entirety, visit www.sharpenet.com/pubs, click on Brochures, then click Bequest Series. For more information or to place an order, call a Sharpe representative at 1-800-238-3253.



Sharpe Gift Planning Institute

Development executives have relied on The Sharpe Group for premier training for over 40 years. If you would like to increase your awareness of gift planning techniques and help your program reach its full potential, consider attending the following Sharpe Gift Planning Institute Seminars:

January 2009

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| An Introduction to Planned Giving | Chicago | January 22-23, 2009 |
| Integrating Major and Planned Gifts | New York | January 26-27, 2009 |

February 2009

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| Planning Major Gifts | Washington, D.C. | February 16-17, 2009 |
| An Introduction to Planned Giving | San Francisco | February 23-24, 2009 |

March 2009

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| An Introduction to Planned Giving | New York | March 23-24, 2009 |
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Registration is always limited to allow for more interaction between participants and instructors. Register early to ensure your spot. CEU credits are now available through the College of William & Mary.

For more details or to register, see page 3, call 1-800-238-3253 ext. 5313, or visit www.sharpenet.com/seminars.



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